

# A Health Impact Assessment of a Food Tax in New Mexico

## Addendum

The full HIA can be found at [www.nmvoices.org](http://www.nmvoices.org)

### A NOTE ON METHODOLOGY

*A Health Impact Assessment of a Food Tax in New Mexico* is, first and foremost, an assessment of the health impacts that could result from taxing food purchased for consumption at home. As New Mexico has one of the highest rates of food insecurity in the nation, health should be a primary consideration when enacting legislation that would make food more expensive to purchase. The HIA consists of an extensive literature review, thorough survey of existing health and health indicator conditions and economic data, focus groups held across the state, and interviews with key experts in the health and food security fields. Each of these research areas pointed towards the strong potential for the food tax to negatively impact the health of New Mexico's low-income kids and families.

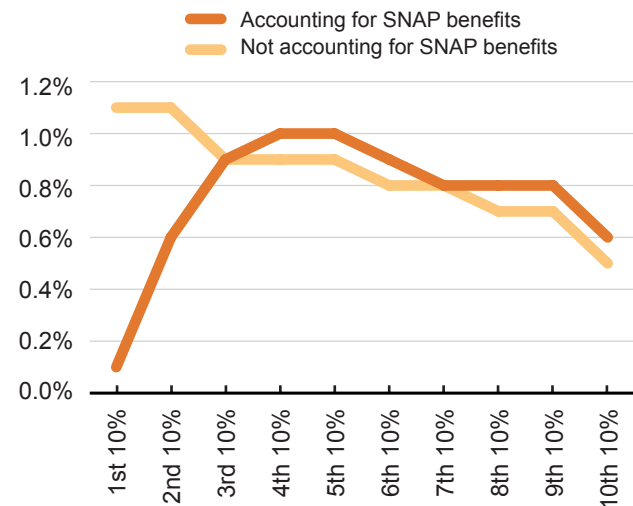
As part of the data review, NM Voices for Children produced an analysis of the regressivity of a food tax. That analysis took into account the percentage of income that is spent on food in each income decile. Such a tax incidence model is straightforward and requires just one data set, so the results are easily reproducible by others. However, many New Mexicans in the lowest four deciles receive SNAP benefits, which reduces the amount those households spend on food and, consequently, on a food tax. Unfortunately, a tax incidence model including the SNAP variable is neither straightforward nor easily reproducible because it requires blending more than one data set. For that reason, NM Voices' analysts did not take SNAP benefits into account when looking at tax regressivity.

### A FOOD TAX IS REGRESSIVE EVEN WITH SNAP BENEFITS

In response to feedback from the New Mexico Legislature's Revenue Stabilization and Tax Policy Committee, NM Voices for Children created another tax incidence model to estimate the tax impacts of a food tax across income deciles taking SNAP benefits into account. Figures I and II illustrate that the food tax remains regressive for all but the two lowest deciles when SNAP is figured into the equation. These data do not change the conclusions of the HIA for a number of reasons. (Continued on reverse.)

**FIGURE I**  
**SNAP benefits only make a food tax less regressive for the very poorest**

Estimated percent of household spending paid in food tax with and without accounting for SNAP benefits by income decile



**FIGURE II**  
**SNAP benefits only make a food tax less regressive for the very poorest of the poor**

Estimated average household expenditures, SNAP benefits, and percentage paid in food tax, by income decile

Income deciles	Average annual household expenditures	Average annual SNAP benefit per household	Estimated percent of household expenditures paid in food tax	
			Accounting for SNAP	Not accounting for SNAP
Lowest 10%	\$19,645	\$2,200	0.1%	1.1%
Second 10%	\$21,789	\$1,300	0.6%	1.1%
Third 10%	\$27,357	\$400	0.9%	0.9%
Fourth 10%	\$31,244	\$100	1.0%	0.9%
Fifth 10%	\$36,452	\$0	1.0%	0.9%
Sixth 10%	\$42,854	\$0	0.9%	0.8%
Seventh 10%	\$47,869	\$0	0.8%	0.8%
Eighth 10%	\$57,747	\$0	0.8%	0.7%
Ninth 10%	\$72,428	\$0	0.8%	0.7%
Highest 10%	\$109,974	\$0	0.6%	0.5%

Sources: U.S. Census Bureau (number of NM households); *Consumer Expenditure Survey*, U.S. Bureau of Labor Statistics, 2013 (expenditures); "The Effects of Potential Cuts in SNAP Spending on Households with Different Amounts of Income," Congressional Budget Office, March 2015, (SNAP benefits by income decile)  
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## SNAP DOES NOT COVER ALL FOOD PURCHASES OR FOOD NEEDS

- Even amongst SNAP recipients, SNAP does not cover all food purchases, much less all food needs.
- Nearly 80 percent of SNAP benefits are exhausted within the first half of the month<sup>1</sup> (see Figure IV).
- SNAP covers about 42 percent of necessary meals, on average, for poor and low-income New Mexicans (see Figure III). It is estimated that these New Mexicans go without 13 percent of their meals—about 12 meals a month, or three meals a week.<sup>2</sup>

## SNAP DOES NOT REACH EVERYONE IN NEED

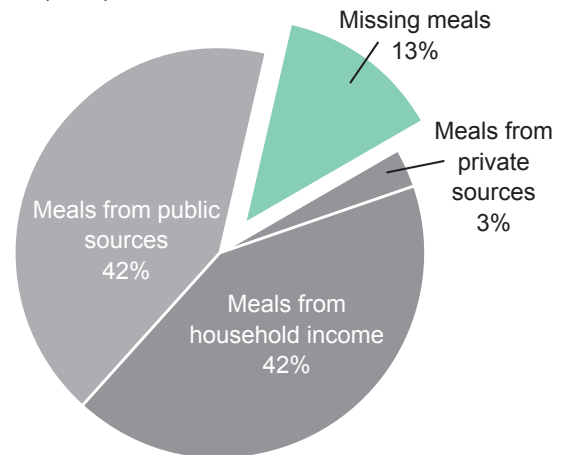
- An estimated 24 percent of New Mexicans who meet the income eligibility guidelines of SNAP do not receive benefits.<sup>3</sup>
- The gap between need and the receipt of benefits is predicted to grow this year as SNAP work requirements and penalties are reinstated and expanded. This could exclude tens of thousands more people from receiving the food assistance they need.<sup>4</sup>
- Congressional efforts to cut or even eliminate SNAP are recurring. Given the uncertain federal prospects for SNAP, we should not rely on federal programs to offset regressivity of state tax policy.
- Though SNAP benefits cover a portion of food expenditures for some New Mexicans, 17 percent of New

Mexicans are food insecure, with the rate jumping to 28 percent among kids. Even with SNAP, New Mexico's childhood food insecurity rate is the third worst in the nation.<sup>5</sup>

A tax on food could have negative consequences for the health of many New Mexicans, even those who receive SNAP benefits.

**FIGURE III**  
**Food-insecure New Mexicans miss 13% of their meals**

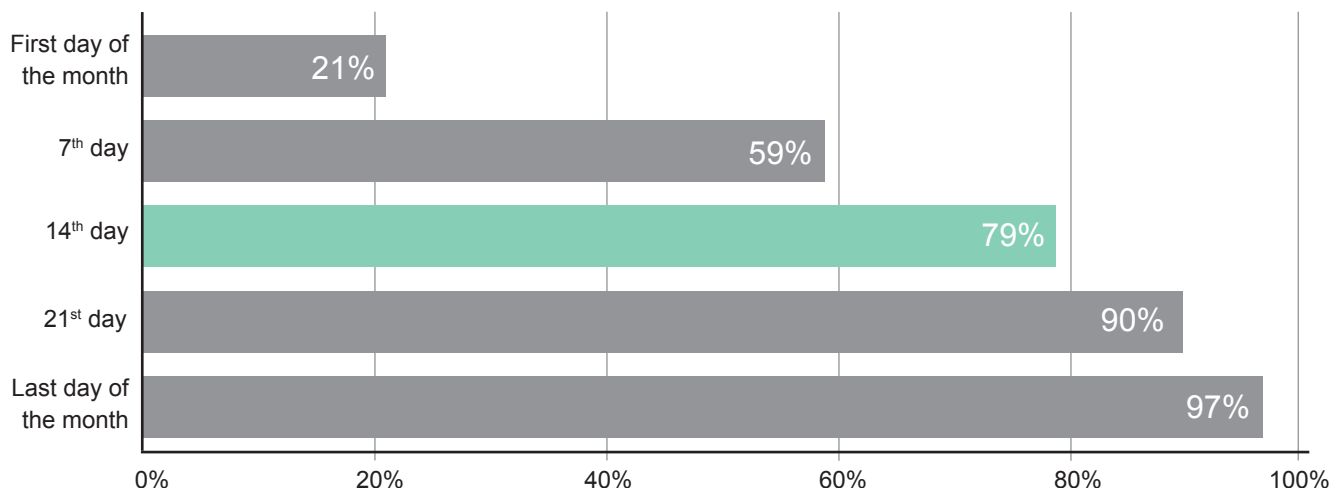
New Mexico meals for those who are food insecure by source (2010)



Source: *Missing Meals in New Mexico*, NM Association of Food Banks  
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**FIGURE IV**  
**Most SNAP benefits are exhausted by the middle of the month**

Percentages of SNAP recipients who have run out of benefits at given points of the month (2011)



### Footnotes

1 "Benefit Redemption Patterns in SNAP," USDA, 2011

2 *Missing Meals in New Mexico*, NM Association of Food Banks, 2010

3 "SNAP Program Access Index," USDA, 2013

4 NM Center on Law and Poverty estimates most recent proposal will eliminate benefits for 17,500; *Santa Fe New Mexican* reports estimates for previous rules range from 26,000 to 80,000, June 2015

5 *Map the Meal Gap*, Feeding America, 2015

Source: "Benefit Redemption Patterns in SNAP," USDA, 2011  
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